



energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

For Immediate Release

FUEL PRICE INCREASES TO BE EFFECTED ON 05 SEPTEMBER 2012

The next fuel price adjustments will be effected on Wednesday, 05 September 2012. The current fuel price review period closed on 30 August 2012. The reasons for the fuel price increase are:

1. Crude oil prices

- 1.1 During the current fuel price review period (27 July 2012 to 30 August 2012), the average Brent crude oil prices, compared to the previous fuel price review period, increased by **USD 11.0 per barrel** from USD 102.0 per barrel to USD 113.0 per barrel.
- 1.2 This increase in Brent crude oil prices mainly emanated from (a) Refiners selling-off inventories to avoid a surplus when they switch to processing winter blends of fuels; (b) the shutdown of production on the Gulf of Mexico which account for more than forty percent (40%) of total U.S petroleum refining capacity due to the tropical storm "Isaac" approaching the region and the closure of some oil rigs and slowing down the delivery of crude oil by oil tankers destined for U.S ports; (c) the expectation of a further economic stimulus by European Central Bank (ECB) which could possibly increase demand for petroleum products; and (d) the stand-off between Iran and Israel, with the possibility of a civil war.

2. International product prices

- 2.1. During the current fuel price review period international petroleum product prices **followed a similar trend** to that international of crude oil prices. The international product prices of petrol, diesel and IP increased by 87.0 c/l, 64.0 c/l and 68.0 c/l respectively.
- 2.2 In addition to this, the level of international product prices were also affected by: (a) major planned refinery shutdowns in Europe due to the maintenance program on Brent crude fields resulting in less crude oil supplied to the market (b) the largest refinery (700, 000b/day) in Singapore being offline; and (c) the unplanned shutdowns of a number of refineries in the USA resulting in refinery capacity utilization decreasing to eighty percent (80%).

3. The Rand / Dollar exchange rate

During the current fuel price review period the Rand slightly strengthened against the US Dollar. The strengthening of the Rand against the US Dollar is mainly attributable to (a) the global currency trends that were maintained by improved Chinese economic indicators; and (b) the European Central Bank which promised further stimulus measures to the Eurozone countries.

4. Increase in the retail margin in the price structures of all grades of petrol

The Minister of Energy has approved that the retail margin on all grades of petrol be increased by 3.5 c/l from 91.8 c/l to 95.3 c/l with effect from 05 September 2012. This increase is necessary in order for service station operators to finance the wage increases for service station pump attendants and cashiers agreed upon at the Motor Industry Bargaining Council (MIBCO) in September 2010.

4. Adjustment to the Slate Levy on petrol and diesel

- 4.1 The cumulative petrol and diesel Slate balance at the end of July 2012 amounted to a positive balance of R208.0 million. In line with the Self-Adjusting Slate Levy Mechanism Rules, no adjustment to the Slate Levy on petrol and diesel will be required and will thus remain at 0. 0 cents per litre in September 2012.

5. Fuel price adjustments

Based on the fuel price information at the DoE's disposal on 27 August 2012, the following fuel price increases will be implemented with effect from 05 September 2012, namely:

- Petrol (all grades): 93.0 c/l
- Diesel (0.05% sulphur): 69.0 c/l;
- Diesel (0.005% sulphur): 69.0 c/l;
- IP (wholesale): 73.0 c/l;
- Single Maximum National Retail Price (SMNRP): 97.0 c/l; and
- Maximum Refinery Gate Price for LPGas: 129.0 c/kg

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